

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8077

BILL NUMBER: SB 472

DATE PREPARED: Jan 29, 2001

BILL AMENDED:

SUBJECT: Voting Systems and Municipal Elections.

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FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that a voting system other than an optical scan voting system may not be used in an Indiana election after December 31, 2002. The bill requires a county that uses a voting system other than an optical scan voting system to transfer from the County General Fund to the County Voting System Purchase Fund an amount equal to the amount spent by the County to conduct the 1999 municipal election. The bill also requires municipalities located in such counties to pay to the County an amount equal to the amount spent by the municipality to conduct the 1999 municipal election. It requires counties that do not use optical scan voting systems to purchase such systems before January 1, 2004. The bill establishes a grant from the State to pay counties the difference between the cost of purchasing an optical scan voting system and the amount of the 1999 municipal election expenses incurred in the county. It appropriates sufficient money from the State General Fund to pay for grants to counties. The bill requires municipal offices to be filled at elections held during even numbered years. This bill also provides that the successors of individuals elected to a local office at the 1999 municipal election take office January 1, 2005.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The Auditor of State would be required to provide a grant amounting to the difference of the cost of optical-scan voting systems purchased by counties required to employ this voting system and the amount of expenses incurred by the counties in the 1999 municipal primary and general election. The estimated State grant would be approximately \$13.0 M to \$21.2 M in order to cover the remaining cost of converting to optical-scan voting systems. Under the bill, required funds necessary for grants to the counties would be appropriated from the State General Fund beginning on July 1, 2001. Counties and Municipalities would be required to have transferred the funds in an amount equal to the 1999 municipal election to their respective County Voting System Purchase Fund by January 1, 2003. Counties would be required to purchase optical-scan equipment by January 1, 2004. Therefore, between FY 2002 and FY 2004, counties could apply for grants to replace their voting equipment.

The Census Data Advisory Committee would be required over the 2001 interim to prepare appropriate

legislation to do the following:

- 1) amend Title 3 of the Indiana Code to implement the provisions of this bill to require all voting systems to be optical-scan for all elections after the 2002 general election.
- 2) amend Title 3 of the Indiana Code to implement provisions of this bill in order to provide all municipal elections be held in even-numbered years.

The Legislative Services Agency already provides the staff to the Census Data Advisory Committee required to implement this provision. The costs involved in this provision should be absorbable within the Legislative Services Agency's current budget.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill has two major provisions which will impact local expenditures. First, the bill would effectively require sixty-nine counties that do not employ an optical-scan voting system to establish the County Voting System Purchase Fund. Second, the bill requires that municipal offices are to be filled in even-numbered years and the successors of the individuals elected to local office at the 1999 municipal election take office in January 1, 2005. This effectively eliminates the need for a municipal election in 2003. The county is required to transfer from the County General Fund an amount equal to the amount spent by the county to conduct the 1999 municipal election to the County Voting System Purchase Fund, by January 1, 2003. This amount would be used for expenditures for an optical-scan voting system. Additionally, the bill requires the payment, by a municipality to the County, of an amount equal to the expenses paid by a municipality of the 1999 municipal election by January 1, 2003. The municipality transfer must also be deposited into the County Voting System Purchase Fund.

The first provision is estimated to cost in the range of \$19.8 M to \$28.0 M for the purchase of optical-scan voting systems for all sixty-nine counties. The second provision would require the transfer of approximately \$6.8 M to cover the expenses of these new systems. The net impact is estimated to range from \$13.0 M to \$21.2 M, of which counties may apply to the state for grants to cover these expenses.

The bill would also reduce election expenditures in the 23 counties that already have optical-scan voting systems in place if the 2003 municipal election is not held. The saved expenditures could be reallocated to other uses for these counties.

Background: Currently, there are four accepted voting systems for use in elections in Indiana. The systems are punch card, lever machine, optical-scan, and direct recording electronic (DRE.) The current breakdown of counties by voting system is as follows:

Voting System	Number of Counties Using Voting System
DRE	25
Punch Card	35
Lever Machine	9
Optical Scan	23

Currently, two types of optical-scan voting systems are currently authorized by the Election Commission for use in Indiana.

Manufacture/Model	Cost per unit
ESS/OPTECH 3-P	\$5,500
GBS/Accuvote ES-2000	\$5,000

Based on information provided by Government Business Systems, Election Systems and Software, and the Indiana Election Division, approximately one OPTECH 3-P tabulator would be required per precinct in a county adopting this voting system. As an alternative, one ES-2000 machine would be required per polling location. There are currently 5,530 precincts in the State. The Election Division indicates the approval by the Indiana Election Commission to market the ES-2000 expires in February 2002. Approval to market the OPTECH 3-P expired October 18, 2000. The OPTECH precinct tabulator has been extended to March 2005.

In addition to the cost for the replacement/upgrade of voting machines, the estimate includes the cost for paper ballots. Optical scan systems require paper ballots. The average cost of an optical scan ballot was thirty cents in CY 2000.

Based on the pricing information provided above, it is estimated that total expenses for purchasing optical-scan voting systems for all sixty-nine counties required to purchase an optical-scan voting system could range from \$19.8 M to \$28.0 M.

As a point of reference, Marion County has estimated the cost to replace the lever machines with optical-scan equipment could be between \$4.0 M and \$5.1 M. Marion County estimates the budgeted costs of the 1999 municipal primary were \$492,000. The County estimated budgeted costs for the 1999 municipal election were \$500,000.

Data containing budgeted costs from the 1999 municipal primary and general election is available for most counties and a few municipalities. Budgeted cost data for the 1999 municipal primary and general election is provided on State form (CEB-9) and was pulled from the Election Division files. For the 1999 municipal primary, sixty-six of the ninety-two counties reported their budgeted cost. Seventy-six counties reported their budgeted cost for the 1999 municipal election. Some of the county budget figures reflect actual expenses, while other counties provided budgeted funds set aside for election costs. The Election Division reports the budgeted costs reflect fairly closely actual expenditures made in the 1999 municipal primary and general

election. However, precise total expenditures made by the counties are not known. For counties that did not report, an average budgeted cost was calculated. Large counties (Allen, Lake, Marion) were removed from the calculation. (Their inclusion could have skewed average costs above what a smaller county might have budgeted/expended.) Based on this method, estimated budgeted costs for the counties in the 1999 municipal primary and general election is presented in the following table:

Voting System	Estimated 1999 Municipal Primary Budgeted Costs	Estimated 1999 Municipal Election Budgeted Costs
DRE	\$1.13 M	\$1.13 M
Punch Card	\$1.58 M	\$1.41 M
Lever Machine	\$0.8 M	\$0.73 M
Total*	\$3.5 M	\$3.3 M
*Totals may not sum due to rounding.		

The budgeted costs/expenditures by the sixty-nine counties that would be required to purchase optical-scan systems, in the 1999 primary and election were estimated to be \$6.8 M, as shown in the table above. The estimated expenditures do not include the funds that would be transferred by the municipalities to their respective counties. Very few municipalities reported budgeted costs for the 1999 municipal election. Budgeted costs of the municipalities that did file a report with the Election Division amounted to only a few thousand dollars.

Explanation of Local Revenues:

State Agencies Affected: Indiana Election Commission; Auditor of State; Legislative Services Agency; Census Data Advisory Committee.

Local Agencies Affected: Municipalities, County Election Boards, and Clerk of the Circuit Court in the sixty-nine counties required to adopt an optical-scan voting system.

Information Sources: Indiana Election Division; Rob McGinnis, Election Systems and Software (317) 913-0230; Steve Corey, Government Business Systems, 1-800-659-1516; Marion County Voting Technology Task Force, *Report and Recommendation to the Marion County Election Board*.